

SC575. SUBCHAPTER 575

RECRUITMENT AND RELOCATION BONUSES;  
RETENTION ALLOWANCES; AND SUPERVISORY DIFFERENTIALS  
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## SC575. SUBCHAPTER 575

### RECRUITMENT AND RELOCATION BONUSES; RETENTION ALLOWANCES; AND SUPERVISORY DIFFERENTIALS

- References:
- (a) Title 5, United States Code
  - (b) Title 5, Code of Federal Regulations, Part 575, "Recruitment and Relocation Bonuses; Retention Allowances; Supervisory Differentials"
  - (c) Assistant Secretary of Defense (Force Management and Personnel) Memorandum, "Final Regulations on Recruitment and Relocation Bonuses, Retention Allowances, and Supervisory Differentials," November 20, 1992 (hereby canceled)
  - (d) Assistant Secretary of Defense (Force Management Policy) Memorandum, "Revision of DoD Plan for Retention Allowances to Include Group Retention Allowance Authority," October 18, 1998 (hereby canceled)
  - (e) [DoD Directive 1400.25](#), "DoD Civilian Personnel Management System," November 25, 1996
  - (f) DoD 7000.14-R, "Department of Defense Financial Management Regulation," Volume 8, "Civilian Pay Policy and Procedures," October 1999

#### SC575.1. PURPOSE

This Subchapter implements Department of Defense (DoD) policy concerning "Recruitment and Relocation Bonuses; Retention Allowances; and Supervisory Differentials" under Chapter 57, Subchapter IV, of 5 U.S.C. (reference (a)) and 5 CFR 575 (reference (b)). This Subchapter also supersedes previous guidance issued in references (c) and (d).

#### SC575.2. APPLICABILITY

This Subchapter applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred collectively to as "the DoD Components").

### SC575.3. POLICY

DoD policy is contained in DoD Directive 1400.25 (reference (e)).

### SC575.4. PROCEDURES

#### SC575.4.1. Recruitment and Relocation Bonuses

##### SC575.4.1.1. Bonus Offer and Approval

SC575.4.1.1.1. A recruitment bonus of up to 25 percent of basic pay may be offered to certain newly appointed employees. Except as specified in subparagraphs SC575.4.1.1.6. and SC575.4.1.1.7., below, the authority to approve recruitment bonuses is delegated through, and subject to, the authority of the Head of the DoD Component and the Component's chain of command to the official(s) who exercises personnel appointing authority (normally, the head of an installation or activity).

SC575.4.1.1.2. A relocation bonus of up to 25 percent of basic pay may be offered to certain current employees who must relocate to accept a position in a different commuting area. Except as specified in subparagraphs SC575.4.1.1.6 and SC575.4.1.1.7. below, the authority to approve relocation bonuses is delegated through, and subject to, the authority of the Head of the DoD Component and the Component's chain of command to the official(s) who exercises personnel appointing authority (normally, the head of an installation or activity).

SC575.4.1.1.3. Recruitment and relocation bonuses may be paid provided there is a written determination by the approving official that, in the absence of such a bonus, difficulty would be encountered in filling the position.

SC575.4.1.1.4. Recruitment and relocation bonuses, including the amount of such bonuses, shall be reviewed and approved by an official, who is at a higher level than the official making the bonus offer, unless no official at a higher level exists in the Agency. To make a timely offer of employment, an approving official may establish criteria for offering recruitment bonuses in advance and authorize the recommending official to offer a recruitment bonus (in any amount within a

pre-established range) to any candidate without further review or approval. Designations to make such offers must be in writing and be included in local operating guidance.

SC575.4.1.1.5. Prior to approval of any bonus, approving officials shall establish criteria for such offers to comply with Office of Personnel Management (OPM) regulations at 5 CFR 575.104 and 575.204 (reference (b)) and to ensure consistent treatment of employees in similar situations. These criteria must also comply with DoD 7000-14-R, Volume 8 (reference (f)).

SC575.4.1.1.6. Only the Secretary or Deputy Secretary of Defense may approve recruitment and relocation bonuses for:

SC575.4.1.1.6.1. Individuals appointed to Schedule C positions, as defined in 5 CFR Part 213 (reference (b));

SC575.4.1.1.6.2. Non-career appointees in the Senior Executive Service (including limited-term and limited-emergency appointments requiring the coordination of the Special Assistant to the Secretary of Defense/Chief-of-Staff), as defined in 5 U.S.C. 3394 (reference (a)); and

SC575.4.1.1.6.3. Individuals in positions paid under 5 U.S.C. 5312 through 5317 (reference (a)).

SC575.4.1.1.7 The authority to approve recruitment and relocation bonuses for all other Senior Executive Service positions is delegated to the Head of the DoD Component. This official may further delegate in writing authority to appropriate levels consistent with existing pay administration policy.

SC575.4.1.2. Service Agreement for a Recruitment Bonus. Before a recruitment bonus may be paid under 5 CFR 575 Subpart A (reference (b)), the employee offered such a bonus must sign a written service agreement to complete a specified period of employment with the DoD Component. The minimum period of the service agreement under 5 CFR 575.106(b) (reference (b)) is 6 months. However, where appropriate, using criteria established by the approving official, an offering official is encouraged to seek agreements requiring a period of service beyond 6 months. Failure by the individual to complete the service agreement will obligate the employee to a pro rata repayment of the recruitment bonus.

SC575.4.1.3. Service Agreement for a Relocation Bonus

SC575.4.1.3.1. Except as provided in subparagraph SC575.4.1.3.2., below, the minimum period of service should be 6 months. However, where appropriate, using criteria established by the approving official, an offering official is encouraged to seek agreements requiring a period of service beyond 6 months. Failure by the individual to complete the service agreement will obligate the employee to a pro rata repayment of the relocation bonus.

SC575.4.1.3.2. In the case of a temporary change in duty station for less than 6 months, a service agreement may provide for a shorter minimum period of employment.

SC575.4.1.4. Payment of a Recruitment or Relocation Bonus. A recruitment or relocation bonus under 5 CFR 575.105 or 575.205 (reference (b)), respectively, shall be calculated as a percentage (not to exceed 25 percent) of the employee's annual rate of basic pay as defined in 5 CFR 575.103 and 575.203 and paid as a lump sum in accordance with DoD 7000.14-R, Volume 8 (reference (f)).

SC575.4.1.5. Repayment of Recruitment or Relocation Bonus. In addition to the criteria listed in 5 CFR 575.107 and 575.207 (reference (b)), payments made for periods of time that are not completed in accordance with individual service agreements are overpayments and are subject to the debt collection process as outlined in DoD 7000.14-R, Volume 8 (reference (f)). Also, as provided in the above cited provision, recovery of an employee's debt may be waived in whole or in part by an approving official if he or she determines that recovery would be against equity and good conscience or against the public interest.

SC575.4.1.6. Program Oversight and Evaluation. The Deputy Assistant Secretary of Defense (Civilian Personnel Policy) (DASD(CPP)) is responsible for the oversight, evaluation, and, execution of this policy throughout the Department of Defense. Each Component will furnish the DASD(CPP) with a copy of the Component's implementing guidance when issued.

SC575.4.1.7. Documentation and Records. Each approving official is responsible for ensuring that the basis for any recruitment or relocation bonus is documented in accordance with 5 CFR Part 575 (reference (b)). Documentation shall be available for review and submission upon request. In addition, on a fiscal year

basis, each delegated approving official shall compile and maintain the following information:

SC575.4.1.7.1. The number of recruitment or relocation bonuses offered and the number accepted;

SC575.4.1.7.2. The percentage of salary offered and accepted in each individual case; and

SC575.4.1.7.3. A summary statement assessing the effect of the bonus authority on the ability to fill key positions with qualified candidates in a timely manner.

#### SC575.4.2. Retention Allowances

##### SC575.4.2.1. Allowance Offer and Approval

SC575.4.2.1.1. A retention allowance of up to 25 percent of basic pay may be offered to certain current employees in order to retain their services. The approving officer must certify in writing that unusually high or unique qualifications of the employee or a special need of the Agency for the employee's services makes it essential to retain the employee and, absent a retention allowance, the employee would be likely to leave the Federal service.

SC575.4.2.1.2. Except as specified in subparagraphs SC575.4.2.1.5. through SC575.4.2.1.7., below, the authority to approve a retention allowance is delegated through, and subject to, the authority of the Head of the DoD Component and the Component's chain of command to the official who exercises personnel appointing authority (normally, the head of an installation or activity).

SC575.4.2.1.3. Retention allowances, including the amount of such allowances, shall be reviewed and approved by an official who is at a higher level than the official making the allowance offer, unless no official at a higher level exists in the Agency. Designations to make such offers must be in writing and be included in local operating guidance.

SC575.4.2.1.4. Prior to approval of any allowance, approving officials shall establish criteria for such offers to comply with 5 CFR 575.305 (reference (b)) and to ensure consistent treatment of employees in similar situations. Criteria applied in each case when determining to authorize the retention allowance and the amount of

the payment must comply with those established by OPM under 5 CFR 575.305(c) (reference (b)).

SC575.4.2.1.5. Only the Secretary or Deputy Secretary of Defense may approve a retention allowance for:

SC575.4.2.1.5.1. Individuals appointed to a Schedule C position, as defined in 5 CFR Part 213 (reference (b));

SC575.4.2.1.5.2. Non-career appointees in the Senior Executive Service (including limited-term and limited-emergency appointments that require the coordination of the Special Assistant to the Secretary of Defense/Chief-of-Staff, as defined in 5 U.S.C. 3394 (reference (a)); and

SC575.4.2.1.5.3. Individuals in positions paid under 5 U.S.C. 5312 through 5317 (reference (a)).

SC575.4.2.1.6. The authority to approve retention allowances for all other Senior Executive Service positions is delegated to the Head of the DoD Component. This official may further delegate authority to appropriate levels consistent with existing pay administration policy.

SC575.4.2.1.7. Approval of Retention Allowances for Groups or Categories of Employees:

SC575.4.2.1.7.1. Requests for the authorization of group retention allowances under 5 CFR 575.305(d)(1) (reference (b)) for allowances of up to 10 percent of basic pay must be coordinated with all other DoD Components having similarly situated employees (i.e., within the commuting area) prior to submission, through the Head of the Component, to the DASD(CPP) for final approval.

SC575.4.2.1.7.2. Requests for OPM approval of group retention allowances under 5 CFR 575.305(d)(2) (reference (b)) for allowances in excess of 10 percent of basic pay must be coordinated with all other DoD Components having similarly situated employees and include the material listed in 5 CFR 575.305(d)(2)(i) through (v) (reference (b)) before submission through the Head of the Component to DASD(CPP).

SC575.4.2.1.8. An employee who has reached an agreement with an employing DoD Component to accept a voluntary separation incentive under 5 U.S.C. 5597 (reference (a)) may not be considered for, or continue to receive, a retention allowance.

SC575.4.2.2. Payment of Retention Allowance. A retention allowance shall be paid in the same manner and at the same time as basic pay although it shall not be considered a part of basic pay for any purpose, including a lump-sum payment for annual leave under 5 U.S.C. 5551 or 5552 (reference (a)).

SC575.4.2.3. Responsibilities

SC575.4.2.3.1. The requirements for oversight, evaluation, documentation, and record keeping for retention allowances are the same as those required for recruitment and relocation bonuses in paragraphs SC575.4.1.6. and SC575.4.1.7. of this Subchapter, above.

SC575.4.2.3.2. At least every 12 months, approving officials shall make a written determination whether the allowance is still warranted and that the conditions giving rise to the original determinations still exist. In addition, officials shall establish procedures to review the appropriateness of payments whenever the conditions that originally prompted the payment have significantly changed, including significant increases in basic pay.

SC575.4.3. Supervisory Differentials

SC575.4.3.1. Delegation and Use of Authority

SC575.4.3.1.1. Except as provided in subparagraph SC575.4.3.1.4., below, the authority to approve payment of supervisory differentials, under 5 U.S.C. 5755 (reference (a)), is delegated through, and subject to, the authority of the Head of the DoD Component and the Component's chain of command to the official who exercises personnel appointing authority (normally, the head of an installation or activity).

SC575.4.3.1.2. Supervisory differentials, including the amount of such differentials, shall be reviewed and approved by an official who is at a higher level than the official making the initial decision, unless no official at a higher level exists in the Agency. Designations to make such offers must be in writing and be included in local operating guidance.



SC575.4.3.1.3. Approving officials shall establish criteria for such differentials to comply with 5 CFR 575.404 (reference (b)) and to ensure consistent treatment of employees in similar situations. Criteria applied in each case when determining to authorize the supervisory differential and the amount of the payment must comply with that established by OPM under 5 CFR 575.404(b) reference (b)).

SC575.4.3.1.4. Only the Secretary or Deputy Secretary of Defense may approve a supervisory differential for an individual appointed to a Schedule C position, as defined by 5 CFR Part 213 (reference (b)).

#### SC575.4.3.2. Eligibility Criteria

SC575.4.3.2.1. A supervisory differential may be paid to a General Schedule employee who supervises one or more civilian employees not covered by the General Schedule if one or more of these subordinate civilian employees would, in the absence of such a differential, be paid more than the supervisory employee. The differential may be paid to an employee who meets the definition of supervisor in 5 U.S.C. 7103(a)(10) (reference (a)) and the criteria at 5 U.S.C. 5755 (reference (a)).

SC575.4.3.2.2. A supervisory differential shall be paid in the same manner and at the same time as basic pay although it shall not be considered a part of basic pay. The supervisory differential may not cause the supervisor's annual continuing pay to exceed the annual continuing pay of the highest paid subordinate by more than three percent.

SC575.4.3.2.3. For the purposes of this subchapter, a supervisory differential is not payable to an employee to whom 5 U.S.C. Chapter 51 (reference (a)) does not apply.

SC575.4.3.2.4. The supervision of a Non-Appropriated Fund employee does not provide a basis for payment of a supervisory differential.

SC575.4.3.2.5. A supervisory differential is not payable if the subordinate is a foreign national (direct or indirect hire) employee.

SC575.4.3.3. Reduction or Termination of Supervisory Differential. An approving official may alter or terminate a supervisory differential at his or her discretion. In addition to the criteria listed in 5 CFR 575.406 (reference (b)), if required reductions and terminations are not made in a timely manner, the resulting

payments are overpayments and are subject to the debt collection process as outlined in DoD 7000.14-R, Volume 8 (reference (f)).

SC575.4.3.4. Documentation and Records. Each approving official is responsible for ensuring that the basis for awarding, adjusting, or terminating any supervisory differential is documented. Such documentation shall contain sufficient information to allow reconstruction of the action, including the basis for determining the amount of the differential and the comparison of continuing pay required by 5 CFR 575.405(b) (reference (b)).